
HCFA/CMS

ALUMNI NEWS

SPRING 2004 (Vol. 10 No. 2)

MESSAGE FROM THE PRESIDENT

Well, winter is gone and spring is here and the feeling of renewal is in the air. And so I'd like to thank all of you who have renewed your membership for 2004 (and in many cases beyond that as well). Dues remain at \$5.00 per year and we think we must be doing something right because only a very small handful of members did not renew this year.

The association continues to be an important part of the retirement life of many of us. On page 2 you will see a list of 6 new members. We now have over 400 current members and the numbers keep climbing. By providing copies of the CMS VOICE, a Member Directory and a quarterly newsletter, we promote a continuing connection between CMS (formerly HCFA) and its retirees, both at the central office and regional office levels. We try to provide information of interest to all retirees. Note the items inside about the COLA Count, the Social Security Administration Employee Activities Association (SSAEAA), a potential party at the ballpark, the CMS web site and online availability of CMS manuals, Health Savings Accounts (HSAs) potentially in FEHB plans, Veteran's prescription drug cost savings, whimsical pieces about the New Chemical Element "Governmentium," Baseball in Heaven and The Great Banana Peel Revolution, and much more. And we are always on the lookout for suggestions about things to do or events to sponsor in furtherance of our goals as a social organization.

As always you will also find information inside about senior staff changes at CMS.

I want to wish you all a wonderful spring and summer season and continued happiness, good health and prosperity in retirement.



William L Engelhardt

HCFA/CMS ALUMNI NEWS

Published four times a year for the members of the Health Care Financing Administration
/Centers for Medicare and Medicaid Services (HCFA/CMS) Alumni Association

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Summer Issue – June 26, 2004
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NEW MEMBERS

The Association extends a hearty "Welcome Aboard" to the following new members:

Edmond A. Bonnie
Dolores Crujeiras
John Finn
Randy Graydon
Sandra Green
Ann Pollock
Gloria Smiddy

We now have 413 active members.

NEW MEMBER DIRECTORY UPDATE

At the back of this newsletter you will find a page with a Member Directory Update. It includes all additions (i.e., new members) and reported changes since the Summer 2003 Edition of the Member Directory was issued last July. We plan to continue to include updates from July 2003 on in future issues of The HCFA/CMS Alumni News, until the next issuance of a complete Member Directory. Therefore the update in each issue will be a complete one and can replace prior updates. Since this is an update, you will **NOT** find yourself listed in it unless there has been a change in your membership information or you became a new member since the Summer 2003 Edition of the Member Directory was issued.

We encourage members to keep us informed of changes so that we can in turn keep everyone up to date. E-mail addresses seem to be particularly subject to change or elimination.

MEMBERSHIP SEARCH

As always, we acknowledge that there are many HCFA/CMS retirees that we have not been able to reach to tell them about the Alumni Association and invite them to join. We continue to ask for your assistance in spreading the message about us to them. If you know of any retiree that is not a member, please let them know about us and tell them how to contact us by telephone, snail mail or e-mail (all of that information can be found on page 2 of this issue). We will be very happy to send, either electronically or via snail mail, anyone the enrollment form and further information about membership. And Bill Engelhardt says you can always e-mail him personally at wengelhardt@adelphia.net for faster response (as the office e-mail is only accessed weekly).

PARTY AT THE BALL PARK

We are repeating our request for your reaction to a proposal for a night at Ripken Stadium near Aberdeen, MD sometime during the season in June or July. The Aberdeen IronBirds team is a member of the Short Season Class-A New York-Penn League and is the 7th Baltimore Orioles

minor league affiliate. The team features young players aspiring to move up the chain of baseball. The beautiful ballpark has a pavilion area that is great for partying, and keeping an eye on the game while you are at it. The park is just off of I-95 and is convenient for people in Delaware, southern New Jersey, Maryland and parts of Pennsylvania.

You can surf the Internet at “<http://www.ironbirdsbaseball.com>” and read all about the stadium and the team.

At the moment we are still seeking expressions of interest and encourage anyone who might be interested in such an event to contact Barbara Booth at 1-410-668-2048 or via e-mail at “bcbooth@comcast.net” for further information or just to register your interest.

SSAEAA

We'd again like to remind members that we do have a link to the Social Security Administration Employee Activities Association (SSAEAA) on our web site. The actual URL for it is "<http://ssaeaa.org>" but you can just click on the link on our page. HCFA/CMS retirees are automatically members of the SSAEAA and are eligible to participate in discount purchases.

COLA COUNT

The consumer price index measure used to set federal retirement cost-of-living adjustments rose 0.6 percent in February and another 0.5 percent in March. Through six months of the counting period toward retiree January 2005 COLAs, retirees have accumulated a 1.4 percent increase.

CMS MANUALS ONLINE

CMS manuals are currently undergoing a transformation into a new Internet-only set of manuals and the old paper-based manuals will gradually be eliminated. Program instructions are day-to-day operating instructions, policies, and procedures based on statutes and regulations, guidelines, models, and directives. They are used by CMS program components, contractors, and State survey agencies to administer CMS programs. For many others, they are a good source of technical and professional information about the Medicare and Medicaid programs.

Any interested individual can access this material at:

<http://www.cms.hhs.gov/manuals/>

Much of the material can be accessed as an Adobe Acrobat Reader or Microsoft Word document. Check it out if you are interested in seeing how things have changed (or remained the same) in your area of expertise, or if you just want to get the inside story on the CMS programs.

CMS WEB SITE

The general CMS web site "<http://www.cms.hhs.gov>" contains a wealth of information about all of the CMS programs. In the "About" section you will even find a link to the loyal alumni. You can access recent issues of the HCFA/CMS Alumni News and CMS Voice in Adobe Acrobat Reader format there. And we occasionally manage to have retirement party announcements posted there.

And the companion web site "<http://medicare.gov/>" will hopefully answer all of your Medicare specific related questions.

SENIOR MANAGEMENT ANNOUNCEMENTS

Dr. Mark B. McClellan, M.D., Ph.D. has been appointed as the new Administrator of the Centers for Medicare & Medicaid Services (CMS). Mark previously served as the Commissioner of the Food and Drug Administration. During 2001 and 2002, Mark served in the White House as a Member of the President's Council of Economic Advisers. In addition, he served as a senior policy director for health care and related economic issues for the White House. From 1998-99, he was Deputy Assistant Secretary of the Treasury for Economic Policy, where he supervised economic analysis and policy development on a wide range of domestic policy issues.

Before coming to Washington, D.C., he was Associate Professor of Economics at Stanford University, Associate Professor of Medicine at Stanford Medical School, a practicing internist, and Director of the Program on Health Outcomes Research at Stanford University. He was also a Research Associate of the National Bureau of Economic Research and a Visiting Scholar at the American Enterprise Institute. Additionally, he was a Member of the National Cancer Policy Board of the National Academy of Sciences, Associate Editor of the Journal of Health Economics, and co-Principal Investigator of the Health and Retirement Study (HRS), a longitudinal study of the health and economic well being of older Americans.

Mark's research studies have addressed measuring and improving the quality of health care, the economic and policy factors influencing medical treatment decisions and health outcomes, estimating the effects of medical treatments, technological change in health care and its consequences for health and medical expenditures, and the relationship between health and economic well-being. He has twice received the Arrow Award for Outstanding Research in Health Economics. He earned his MD degree from the Harvard-MIT Division of Health Sciences and Technology and his Ph.D. in Economics from MIT. He completed his residency training in internal medicine at Brigham and Women's Hospital, and he is board-certified in Internal Medicine.

Mark is married and is the father of twin daughters.

Doctor McClellan's March 26 "Message From New Administrator" to CMS employees read:

Late yesterday afternoon, Secretary Thompson swore me in as the next Administrator for the Centers for Medicare & Medicaid Services, and today I'm starting my first full day of work. My familiarity with CMS goes way back. I started my academic career with a HCFA grant to support my dissertation on the treatment and outcomes of Medicare beneficiaries who had heart attacks. In my internal medical practice in Massachusetts and California before joining the Federal government, the bulk of my patients received their health insurance through Medicare and Medicaid. Most recently, while I was at FDA, I had many opportunities to work with CMS staff on joint projects aimed at fulfilling our shared mission of protecting and improving the health of Americans. Yet it's only been in the last few weeks since my nomination was announced that I've had the real pleasure of starting to get to know the staff at CMS. I've got a long way to go, but two things are very clear to me already.

First, with major enhancements throughout the Medicare program and better evidence than ever on what works in the Medicare and Medicaid programs, CMS has some unique opportunities as a public health agency to improve the quality and affordability of health care for the almost 80 million beneficiaries that we serve - including the most vulnerable Americans who have the most to gain from the services we help finance. This is timely, because the challenges and the needs for finding ways to bring more affordable, higher-quality health care to Americans have never been greater. Second, while all of the answers aren't yet clear, it's already clear to me that we have the staff expertise, dedication, and creativity to meet these challenges, as we have done many times before. I also want to extend my thanks to Dennis Smith, Leslie Norwalk, and the rest of our senior staff, who have all been working hard prior to my arrival and who have helped me start to get up to speed on the many initiatives that are underway now.

In the weeks ahead, I expect to have a number of opportunities to interact with you -- in "all staff" meetings and other forums, but most importantly through the work that we do to better serve our beneficiaries as well as to better partner with providers and states. I want to thank you all for the opportunity to serve our nation with you at this critical time. I'm truly looking forward to getting to know you better, and to working together to improve the health of Americans.

Trent Haywood, M. D., J. D., has been appointed as the Acting Director of the Quality Measurement and Health Assessment Group (QMHAG). He has served as the Deputy Director for the past year QMHAG and has received accolades from CMS colleagues and external stakeholders alike for his quick grasp of issues, clear thinking and effective leadership style.

Lisa Hines has been appointed as the Acting Deputy Director of the Quality Measurement and Health Assessment Group (QMHAG). She successfully launched the Nursing Home and Home Health Quality Initiative and is a recognized measurement expert.

Patricia Smith has been appointed as the new Director of the Health Plan Benefits Group. Ms. Smith brings to this important position a wealth of outside managed care experience. In addition to her most recent work with the Alliance of Community Health Plans, that represents a number of non profit health plans, she also headed up AARP 's lobbying shop, giving her a keen sense of beneficiaries' perspectives.

Herb Kuhn has been appointed as the Director for the Center for Medicare Management. He brings more than two decades of Washington healthcare policy and management experience to his new charge. Herb joins CMS from his most recent Position as corporate vice president for advocacy at the Premier not-for-profit hospital alliance. Previously, he served in the American Hospital Association's Washington office as vice president for federal relations. Finally, prior to his association experience, Herb worked on Capitol Hill for Rep. Bob Whittaker (R-KS). He earned a BA in accounting from Emporia State University (KS).

Nancy O'Connor has been appointed as the Acting Regional Administrator for CMS Region III (Philadelphia). Currently the Deputy Regional Administrator, she has served in multiple leadership positions both in the Regional Office as well as in Central Office. She is a graduate of the Council for Excellence in Government Fellows program, recipient of a Vice Presidential Award and a Secretary's Distinguished Service Award for service to Medicare beneficiaries. Nancy replaces **Sonia Madison**, who is leaving CMS to join United Health Group as the CEO of their AmeriChoice plan in Philadelphia.

OPM CALLS FOR FEHB CARRIERS TO OFFER HSAs

The Office of Personnel Management (OPM) has decided to ask insurance carriers to offer controversial "Health Savings Accounts" (HSAs) in the Federal Employees Health Benefits Program (FEHBP) in 2005. The proposal was included in OPM's annual "call letter" to FEHBP carriers. The accounts, authorized by last year's Medicare reform bill, allow participants in certain high-deductible health plans to set aside money in tax-favored accounts, although many of the details of how such plans will work are still being decided.

OPM consulted with the National Association of retired Federal Employees (NARFE) on the issue. NARFE, speaking on behalf of nearly 400,000 members and 2.3 million federal annuitants, has voiced strong concerns about the proposal and contends that offering high-deductible health insurance with HSAs to federal workers and annuitants could increase FEHBP premiums for comprehensive plans by siphoning off relatively healthy enrollees into HSAs. Providing tax-free cash balances to low users of health care - at the expense of everyone else - continues to be a powerful incentive. As a result of this "adverse selection," the taxpayer and enrollee shares of comprehensive plan premiums could increase and/or benefits could be reduced.

Adverse selection could worsen if the tax-free savings accounts encourage FEHBP enrollees to "game" the system by switching to a comprehensive plan during the annual open season for any year they know their health care expenses will multiply. NARFE proposed that that adverse selection, generally, and such gaming, specifically, could be mitigated if enrollees were forced to remain in an HSA for at least five years once they selected that option.

OPM responded to NARFE criticism that their HSA plan discriminates against persons age 65 and older, who are ineligible for the new scheme, by suggesting that Health Reimbursement Accounts (HRAs) be offered to older enrollees as a substitute to HSAs. NARFE countered that the proposal is still discriminatory since HRAs are not HSAs. Additionally, NARFE felt that

older FEHBP enrollees would be ill advised to select an HRA since their out-of-pocket costs could be significantly higher than comprehensive plans, particularly when combined with Medicare.

"HSAs are a bad deal for federal employees and retirees of any age who have moderate-to-high health care costs or who are living from paycheck-to-paycheck and cannot afford to pay a high deductible or adequately fund their HSA. As a result, premiums for comprehensive plans would increase because relatively healthy enrollees with higher incomes could be siphoned off into HSAs. Any plan that would divide and conquer our risk pool is a mistake," NARFE President Charles L. Fallis said. He added, "our concerns about how HSAs could split the risk pool between healthy and sick enrollees have not been addressed. As a result, NARFE still opposes, in the strongest terms, the addition of the untested and risky plans into our group insurance program."

And the Treasury Department has issued additional guidance on HSAs. In the new guidance, the Treasury Department said that the high deductible health plan generally cannot provide benefits before the deductible is satisfied, but there is an exception for benefits for preventive care. The guidance also listed benefits that can be provided by a high-deductible health plan, generally clarifying that traditional preventive care benefits--such as annual physicals, immunizations and screening services--are preventive care for purposes of HSAs, as well as routine prenatal and well-child care, tobacco cessation programs and obesity weight-loss programs. The guidance also clarifies that preventive care generally does not include treatment of existing conditions and that individuals covered by a health plan that provides prescription drug benefits before the minimum annual deductible of a high-deductible health plan has been satisfied generally may not make contributions to an HSA.

EEOC RULING ON RETIREE HEALTH BENEFITS

The Equal Employment Opportunity Commission (EEOC) has voted to end enforcement of a federal law that prohibits employers from offering varied levels of health benefits to retirees based on their age. The EEOC's action is similar to a provision in Medicare legislation (P.L. 108-173) that NARFE, AARP and other groups had successfully removed from the bill before it became law last December.

The Medicare legislation already has retirees worried that employers might cut back on prescription drug coverage for retirees. The Congressional Budget Office estimated that one-third of retired workers with employer-sponsored benefits could lose their current drug coverage in response to the new Medicare drug benefit. The EEOC action could make this easier and more likely to occur.

Federal law does not require employers to offer health benefits to their workers or retirees. However, currently, when such coverage is provided, the Age Discrimination in Employment Act (ADEA) allows retirees to seek relief from the EEOC or the courts. For example, retirees age 65 and older could take their former employer to court if they reduce their health coverage while preserving benefits for younger retirees.

NARFE President Charles L. Fallis said, "EEOC's ruling will permit employers to dishonor promises made to their workers and retirees by allowing them to alter, reduce, or even eliminate earned health benefits of anyone age 65 or older. We find the timing of this decision particularly troublesome as employers consider whether retiree prescription drug benefits should be cut or replaced by the inferior Medicare drug program that will begin in 2006."

The EOCC contends that more and more employers are dropping health benefit coverage completely for retirees because they can no longer afford it. Allowing them to offer varied levels of coverage for people who are potentially eligible for coverage elsewhere, such as Medicare, would enable more employers to continue coverage of some kind for retirees.

We imagine the pros and cons of this action will be hotly debated and we'll try to follow this issue as it develops.

FEHB BILL ADVANCES

The House Government Reform Committee has approved a measure (HR-3751) that would require the Office of Personnel Management to prepare a report on possible ways of improving hearing, dental and vision--including glaucoma testing--benefits in the Federal Employees Health Benefits program. The report would be due six months after the bill's enactment. The Bush Administration has taken no position on the measure.

AMENDED TAX RETURNS

Don't Wave Red Flags At The IRS. But now that the 2003 Federal (and State where required) income tax returns are filed, if you decide to file an amended return claiming a refund, there are ways to lower the chances the IRS will question it:

Make sure your 1040X is filled out completely and legibly.

Include a full explanation for the amended return, complete with all necessary documentation.

Use exact rather than estimated numbers, to indicate precision on your part.

If the IRS employee classifying your return is convinced you can sustain your refund claim, he or she likely will move on to the next taxpayer.

You should be extra careful if your amended return claims a refund for travel and entertainment, unreimbursed employee business expenses, casualty losses, property donations to charity, home office deductions, and transactions involving family members. Those are items that the IRS treats with skepticism so be ready to document your refund request.

One savvy tactic is to examine each tax return just before the three-year statute of limitations expires. If you discover that you overpaid tax on your old return, file an amended return before the deadline and request a refund. Although the amended items have to withstand three years of scrutiny, no additional tax can be assessed by the IRS once you pass the three-year mark.

AVOIDING THE NURSING HOME

You may not be able to keep you or your spouse (or even in some cases your parents) from going into a nursing home but these tactics will increase the chances of living independently:

Put money aside. Seniors who can dress and bathe themselves may need to hire someone to help with cooking, using the telephone, paying bills, managing medications, etc. If saving is difficult, a reverse mortgage can provide the needed cash.

Don't rush into assisted living. Moving to an assisted living facility is usually a temporary tactic. The average length of stay is two years, after which residents often go into a nursing home.

Be careful at home. An "elder-friendly" home (second railings on the stairs, grab bars by the tub, etc.) will enable seniors to stay there longer, rather than go into an institution.

Designate an advocate. Elders may need someone to provide support in dealing with home care workers, government agencies, etc. This should be a loved one who lives nearby.

BANK MERGERS

Since the 1980s, many banks have bought other banks. According to the Federal Reserve, large banks often charge higher fees after a merger. How can you protect yourself?

Monitor the mail. Banks are required to notify their customers of any changes to fees or minimum account requirements. Thus, you should pay close attention to brochures or flyers that announce your "new account." Any new fees or a new structure of minimum requirements will be included, even if that information is buried in the fine print.

Don't drop your guard. Many merged banks avoid raising fees while media scrutiny is intense. After several months or a year, however, they may announce new requirements or penalties.

Retain your records. Bank mergers often have resulted in lost data and costly, inconvenient mistakes. Pay close attention to all transactions and keep your statements so that you can track down any problems that arise.

Shop around. Rival banks typically see mergers as an opportunity to pick up customers. Their efforts to get your business might include favorable deals, low fees, friendly service, and increased convenience.

VETERANS PRESCRIPTION COST SAVINGS

When it comes to paying for prescription drugs, seniors have an opportunity if they're veterans. As long as they've had at least six months of active military duty, they can get prescription drugs from the Veterans Administration for a modest co-payment. Many veterans don't know about

this program. Vets should start the process as soon as possible because it can take as long as 18 months to complete all the paperwork.

WILL POWER

Should your will include a bequest to a 529 college savings plan? Your will could leave a certain amount with the direction that the executor use the funds to establish a 529 savings account for a child or grandchild, for example. If so, your will also should name the owner of the account. However, this may not be a good idea.

At the time of your death, the child may have already completed his or her education, or may already have sufficient assets saved in other vehicles to pay for higher education.

The owner of the 529 account could distribute the funds to his or herself, or could change the beneficiary of the account, thus depriving the child of the funds.

An alternative strategy would be to include a provision in your will that permits the executor, at the time of your death, to decide whether it would be appropriate to distribute such funds to a custodial account, a 529 account, a relative, or to a trust. This will give your executor the flexibility to make the distribution to the child in a way that makes sense, given the child's circumstances at the time of your death.

HOMEOWNER'S ASSOCIATIONS

Look Before Leaping. Over 40 million Americans are governed by the rules of a homeowners association. Not only can they restrict your home-related activities, they can impose special assessments and raise monthly fees.

Therefore, you should read the relevant documents before you buy. Walk around the neighborhood where you will be living and ask the current owners if they are satisfied with the homeowners association.

In addition, examine the association's financial statements to see if there have been special assessments. Find out if the board has spent money on street repairs and other facilities so you won't walk into an unexpected call for catch-up maintenance.

As an extra precaution, go to the local courthouse to see how often the association has sued residents. If there has been frequent litigation, you may be moving into trouble.

However, don't rule out a home purchase just because a homeowners association is in place. An active group may discourage residents from behavior that disturbs neighbors and thus enhance property values.

NEW CHEMICAL ELEMENT - "GOVERNMENTIUM"

Submitted by Shirley Ney

A major research institution has recently announced the discovery of the heaviest chemical element yet known to science. The new element has been named "Governmentium."

Governmentium has 1 neutron, 12 assistant neutrons, 75 deputy neutrons and 11 assistant deputy neutrons, giving it an atomic mass of 312.

These 312 particles are held together by forces called morons, which are surrounded by vast quantities of lepton-like particles called peons.

Since governmentium has no electrons, it is inert. However, it can be detected as it impedes every reaction with which it comes into contact.

A minute amount of governmentium causes one reaction to take over 4 days to complete when it would normally take less than a second.

Governmentium has a normal half-life of 1 to 6 years; it does not decay, but instead undergoes a reorganization in which a portion of the assistant neutrons and deputy neutrons exchange places. In fact, governmentium's mass causes some morons to become neutrons, forming isodopes.

This characteristic of moron-promotion leads some scientists to speculate that governmentium is formed whenever morons reach a certain quantity in concentration. This hypothetical quantity is referred to as "Critical Morass." You will know it when you see it!

BASEBALL IN HEAVEN

Two old guys, Abe and Sol, were sitting on a park bench feeding pigeons and talking about baseball, like they did every day. Abe turned to Sol and said, "Do you think there's baseball in heaven?"

Sol thought about it for a minute and replied, "I dunno. But let's make a deal: if I die first, I'll come back and tell you if there's baseball in heaven, and if you die first, you do the same."

They shook on it and sadly, a few months later, poor Abe passed on. One day soon afterward, Sol was sitting there feeding the pigeons by himself when he heard a voice whisper, "Sol... Sol..."

Sol responded, "Abe! Is that you?"

"Yes it is, Sol," whispered Abe's ghost.

Sol, still amazed, asked, "So, is there baseball in heaven?"

"Well," said Abe, "I've got good news and bad news."

"Gimme the good news first," said Sol.

Abe said, "Well... there is baseball in heaven."

Sol said, "That's great! What news could be bad enough to ruin that?"

Abe sighed and whispered, "You're pitching on Friday."

SOME THINGS ARE KEEPERS

Some things you keep. Like good teeth. Warm coats. Bald husbands. They're good for you, reliable and practical and so sublime that to throw them away would make the garbage man a thief. So you hang on, because something old is sometimes better than something new, and what you know is often better than a stranger.

These are my thoughts, they make me sound old, old and tame, and dull at a time when everybody else is risky and racy and flashing all that's new and improved in their lives. New careers, new thighs, new lips, new cars. The world is dizzy with trade-ins. I could keep track, but I don't think I want to.

I grew up in the fifties with practical parents -- a mother, God bless her, who washed aluminum foil after she cooked in it, then reused it -- and still does.

A father who was happier getting old shoes fixed than buying new ones.

They weren't poor, my parents, they were just satisfied. Their marriage was good, their dreams focused. Their best friends lived barely a wave away.

I can see them now, Dad in trousers and tee shirt and Mom in a housedress, lawn mower in his hand, dishtowel in hers. It was a time for fixing things--a curtain rod, the kitchen radio, screen door, the oven door, the hem in a dress.

Things you keep. It was a way of life, and sometimes it made me crazy. All that re-fixing, re-heating, renewing, I wanted just once to be wasteful. Waste meant affluence. Throwing things away meant there'd always be more.

But then my father died, and on that clear autumn night, in the chill of the hospital room, I was struck with the pain of learning that sometimes there isn't any 'more.' Sometimes what you care about most gets all used up and goes away, never to return.

So, while you have it, it's best to love it and care for it and fix it when it's broken and heal it when it's sick. That's true for marriage and old cars and children with bad report cards and dogs

with bad hips and aging parents. You keep them because they're worth it, because you're worth it.

Some things you keep. Like a best friend that moved away or a classmate you grew up with, there are just some things that make life important...people you know are special...and you KEEP them close!

THE GREAT BANANA PEEL REVOLUTION

Should you peel bananas from the bottom up?

By Steven E. Landsburg

My friend Petal peels her bananas from the bottom. Well, it's the top, actually, since bananas grow upside down. Come to think of it, that's not quite right either-bananas grow the way they grow, which should be right-side up by definition, even if we think of them as upside down. So let me start over. Petal peels her bananas from the end without the stem.

I mentioned as much at the lunch table last week and triggered a firestorm of debate that has put several research careers on hold and seriously jeopardized the marriage of at least one colleague who, in his single-minded pursuit of truth, has refused for over a week to talk about anything other than the pros and cons of alternative peeling methods. As of this writing, he and his wife have reached an uneasy truce that prohibits him from ever again mentioning the word "banana" in the marital household.

Petal's method is counterintuitive and thus instantly appealing to economists, who love nothing more than to overturn convention.

The same experiments turned up a remarkable pro-Petal instance of the Law of Unexpected Consequences regarding those long stringy things on the sides of the banana that you peel off after you remove the skin. According to our two experiments, peeling from the non-stem end greatly increases the chance that those strings will stick to the skin and come away with it, obviating the need to remove them separately. The attendant reduction in labor input has been particularly persuasive to the development economists, who have also pointed to potential productivity gains from using the stem as a handle.

In the anti-Petal camp, we have the theorists who argue that peeling from the stem end must be optimal because that's what people do. But Petal counters-and indeed this is her clincher argument-that monkeys do it her way (though I think it would be more accurate to say that she does it the monkeys' way) and monkeys are the real experts. In response, my colleague, Mark Bills, who bristles whenever anyone argues that Europeans save more than Americans and therefore Americans must not save enough, is vociferously unmoved by the argument that if we differ from monkeys, the monkeys must be right.

The other major argument that's emerged in favor of the traditional approach is that bananas are more likely to be bruised near the non-stem end. If you peel from the stem, you can eat down to

the bruise and throw the rest away, whereas if you peel from the non-stem, you're immediately faced with removing the bruise and figuring out what to do with it. Monkeys, who eat the bruised parts, don't have to worry about this issue.

But my friend Tara, who takes Petal's side, argues thusly (and this is verbatim because I copied it over instant messenger): "Well, the reason they're bruised at the bottom is that we're a top-centric society. When we stock bananas at the market, or select them as consumers, we handle them from the top and plunk them down on their bottoms." The point being that if we all ate from the bottom, the bananas would be handled differently and the bruises would be on the top (I've fallen back into the top/bottom terminology in deference to Tara, who is trained in film studies and hence unlikely to be comfortable with technical terms like "stem"). To recast Tara's point in terms my colleagues will find most meaningful, we've been analyzing bruises in a partial equilibrium context-taking their location as given-while ignoring the crucial general equilibrium.

Since the phrase "You've ignored the general equilibrium issues" is every economist's all-purpose putdown, and a safe comment to make in pretty much any seminar where you've been jolted out of your sleep and are expected to make a salient remark, it's a little embarrassing that we needed Tara to point out the general equilibrium aspects of banana peeling. In our defense, Tara is an ace computer programmer and not at all your average film studies major.

Much additional work remains to be done. Some of us have launched investigations of subtler issues, such as whether the optimal method of peeling might vary with the ripeness of the banana. So far, there are only two findings I can report with any real degree of confidence. First, economists have a predictable and weak sense of humor (No fewer than three of my colleagues independently "observed" that if you open from the bottom, the banana will fall out). Second, if you take an economist - any economist - and give him a banana to hold by the stem and eat from the other end, he really will bear a remarkable resemblance to a chimpanzee.

Unorthodox banana habits may be more common than is generally recognized. In graduate school, I knew a guy (now a mathematical biologist of some prominence) who always split his bananas down the middle and scooped out the seeds, which he discarded ("I hate banana pits!" he was once heard to remark). Further fieldwork might uncover even more bizarre behaviors, but that's a job for anthropologists, not economists (or retirees). Our time is much too valuable.

IN MEMORIAM

**The Alumni Association respectfully acknowledges
the passing of the following
Alumni/Employees/Spouses and expresses its
sympathy to family members:**

DOROTHEA “DOT” ADELE CAZIN BAKER*

LEONA SCHWARTZ COFFEY**

ANTOINETTE LOWER***

JOHN W. POWELL, JR.***

* Spouse of former SSA & current CMS employee Daniel A. Baker

** Mother of Region II CMS Employee Renee Cutaia

***HCFA Retiree

**If you are aware of any other deaths of Alumni please notify the editorial staff
April 2004**